

June 20, 2005

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ALLYSON Y. SCHWARTZ U.S. REPRESENTATIVE 13TH DISTRICT OF PENNSYLVANIA

U.S. Congresswoman Allyson Y. Schwartz, 13th District of Pennsylvania

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Where can I go to find out more information about current student loan interest rates and the increases after July 1?

You can read more about current student loan rates and the rate increase at the [Department of Education's Web page on student loans](#) under the announcement section.

What does consolidating student loans mean?

Student loans are awarded by the year or semester, depending on the college. For students that use student

Urgent Message from Representative Allyson Y. Schwartz

If you have any student loans, or know anyone who does, please take a few minutes to read the following information - it can save you literally thousands of dollars.

On July 1, 2005 student loan rates are expected to be raised by lenders as high as 2 percentage points. This means that people have only until June 30 to consolidate their loans and to lock in the current low interest rate.

The most common student loans, the federal Stafford loans, may rise to 4.6 percent from the current 2.88 percent rate for students still in school, in the after-school "grace" period, or with loans in deferment. For loans in repayment, rates could climb to as high as 5.38 percent from the current rate of 3.37 percent.

What does this mean for you?

Right now, for current college students, if you have a \$20,000 Stafford loan at the current rate of 2.88 percent, you will pay approximately \$6,300 in interest over twenty years to repay the loan.

If student loans rise as expected, you will have to pay a rate as high as 5.38 percent once you began repayment of your loans. Over a course of an average twenty-year repayment, the amount of money you will have to pay in interest will more than double to \$12,700.

loans for several years of their education, students will have several different loans to pay back. These loans may vary in amount and may be from different lenders. Consolidating your loans means that you are combining all of your loans into one larger loan. Not only can you lock in a lower interest rate by consolidating your loans, you can also save time since rather than have to pay several different bills each month you will only have one.

How long will it take to consolidate my student loans?

Consolidating your student loans does not take very long - and it is easy to do. The important thing is that you act now before the deadline of June 30. After June 30 you will still be able to consolidate your loans, but interest rates will have gone up dramatically.

Where can I go for more information?

[Department of Education: Federal Student Aid](#)

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Obtaining a college education is not only the pinnacle of the American dream, but is also very important for competing in today's global economy. Yet, too many hard-working Americans are faced with tremendous financial barriers which can make obtaining a higher education out of reach.

Tuition rates are rising rapidly across the country, including here at home in Pennsylvania. For several years now, the cost of college has been increasing faster than the rate of inflation. We cannot let the dream of a higher education slip away from American families. That is why I am working in Congress to make sure that higher education remains affordable to families.

For more information, please do not hesitate to contact my office. And remember, taking a few minutes of your time now to learn more about consolidating your student loans could save you thousands of dollars.

Four Important Things to Know About Consolidating Your Student Loans

1. **It is quick and easy to do - and it can save you thousands of dollars.**
2. **First and foremost you need to be aware of all of your outstanding loans and their interest rates - it is often quite common for student loan recipients to have several student loans, often for different years of schooling.**
3. **There are numerous lenders that can assist you in consolidating your student loans. For more information visit the [Department of Education's Student Loan Web page](#).**
4. **Most importantly, don't forget to act by the June 30 deadline!**

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